

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	FY 2007 REQUEST	GOVERNOR RECOMMENDS FY 2007
Department Administration	\$ 11,780,889	\$ 15,349,502	\$ 12,840,114	\$ 12,871,435
Information Technology	0	1,841,196	0	0
Labor and Industrial Relations Commission	831,756	906,702	953,981	986,238
Division of Labor Standards	1,873,171	2,633,427	2,635,524	2,631,437
Division of Workers' Compensation	80,446,723	86,203,977	79,285,695	79,606,643
Division of Employment Security	45,747,068	56,602,816	54,393,042	55,474,470
State Board of Mediation	111,030	58,990	0	0
Commission on Human Rights	1,781,028	1,778,324	1,708,168	1,659,938
DEPARTMENTAL TOTAL	\$ 142,571,665	\$ 165,374,934	\$ 151,816,524	\$ 153,230,161
General Revenue Fund	2,518,257	2,490,016	2,407,912	2,269,725
Federal Funds	43,253,253	60,408,140	54,637,927	55,793,665
Tort Victims' Compensation Fund	928,235	157,756	105,000	105,000
Workers' Compensation Fund	11,182,796	12,122,909	11,132,355	11,496,639
Second Injury Fund	63,425,125	66,900,000	60,506,625	60,506,625
Crime Victims' Compensation Fund	5,793,505	7,472,830	7,428,422	7,441,934
Child Labor Enforcement Fund	31,240	200,000	185,000	185,000
Special Employment Security Bond Proceeds Fund	0	1	1	1
Special Employment Security Fund	15,439,254	15,623,282	15,413,282	15,431,572
Full-time equivalent employees	1,035.58	1,175.41	1,085.41	1,042.91

DEPARTMENT SUMMARY

Governor Blunt's Fiscal Year 2007 budget provides \$153.2 million for the Department of Labor and Industrial Relations. The department provides services that promote economic security and safe and healthy workplaces, as well as protects wage earners and individuals against discrimination. The core functions provided by the Department of Labor and Industrial Relations include:

- Processing and awarding payment of compensation to those who are unemployed, injured at work, or victims of crime.
- Assuring safe and healthy workplaces for Missouri employees through on-site inspections that identify hazards to be corrected in the workplace.
- Protecting wage earners and individuals against discrimination by improving working conditions and enforcing labor and anti-discrimination laws.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

DEPARTMENT ADMINISTRATION

The Director's Office provides leadership and supervision in the areas of policy, operation, and interagency coordination/cooperation. Functions centralized within the Director's Office include: administrative services, facilities and maintenance, financial management, human resources, legislative and public relations, research and analysis, telecommunications, legal, and information services.

Fiscal Year 2007 Governor's Recommendations

- \$56,900 increased transfer to the Department of Labor and Industrial Relations Administrative Fund for pay plan, including \$14,700 general fund.
- \$2,279 federal funds for pay plan.
- \$607,951 reallocated for realignment of the federal cost allocation plan, including (\$5,435) general revenue.
- (\$2,527,152) and (6.5) staff core reduction from the Fiscal Year 2006 appropriation level, including (\$39,285) general revenue.
- (\$618,045) and (12) staff reallocated to various divisions to realign the core budget, including (\$35,065) general revenue.

INFORMATION TECHNOLOGY

Information technology resources have been transferred to the Office of Administration. The Information Technology Services Division will be the central point for coordinating data processing and telecommunications for most state agencies.

Fiscal Year 2007 Governor's Recommendations

- \$2,178,390 reallocated for realignment of the federal cost allocation plan, including \$31,968 general revenue.
- (\$4,019,586) and (69.5) staff transferred to the Office of Administration for statewide consolidated information technology services, including (\$42,901) general revenue.

LABOR AND INDUSTRIAL RELATIONS COMMISSION

The three-member Labor and Industrial Relations Commission reviews all appeals from all decisions and awards in workers' compensation, unemployment compensation, prevailing wage, victims of crime compensation, and tort victims' compensation cases at the highest administrative level. The commission conducts hearings and renders written opinions. The commission's opinions are subject to review by the judiciary. The commission is also charged with the statutory authority to approve or disapprove all rules and regulations promulgated by the divisions within the department.

Fiscal Year 2007 Governor's Recommendations

- \$32,257 for pay plan, including \$2,197 general revenue.
- \$59,990 and 1.2 staff reallocated from the State Board of Mediation per Governor's Executive Order 05-16.
- \$5,435 reallocated for realignment of the federal cost allocation plan.
- (\$12,711) and (.2) staff core reduction from the Fiscal Year 2006 appropriation level, including (\$170) general revenue.
- (\$5,435) federal and other funds reallocated for realignment of the federal cost allocation plan.

DIVISION OF LABOR STANDARDS

State statutes require the Division of Labor Standards to assure the safety and health of Missouri workers. To reduce deaths and disabling injuries, staff conducts regular and special on-site inspections of businesses, industries, and commercial mines and caves. To ensure compliance with statutory provisions governing wage rates for public works projects, the division periodically surveys prevailing wage rates for laborers, mechanics, and other workers employed in the construction industry. The division conducts on-site inspections to assure compliance with Missouri's Child Labor Law. Also, the division provides safety and health training classes for mine operators and miners. All miners, whether surface or underground, are required by federal law to complete a minimum number of hours in training before beginning work and annually thereafter. The division provides on-site safety and health consultations to businesses and industrial facilities by qualified professional consultants to identify serious hazards and recommend means for eliminating them. Private employers are not charged for this service. The division performs these consultations upon employer requests.

Fiscal Year 2007 Governor's Recommendations

- \$74,134 for pay plan, including \$31,675 general revenue.
- \$2,097 reallocated to various divisions to realign the core budget.
- (\$78,221) and (one) staff core reduction from the Fiscal Year 2006 appropriation level.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
DIVISION OF WORKERS' COMPENSATION**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Administration	\$ 8,800,959	\$ 9,599,957	\$ 9,383,957
Second Injury Benefits	63,425,125	66,900,000	60,506,625
Crime Victims' Administration	269,087	404,020	416,061
Crime Victims' Compensation Benefits	7,023,396	9,200,000	9,200,000
Tort Victims' Compensation Payments	928,156	100,000	100,000
TOTAL	\$ 80,446,723	\$ 86,203,977	\$ 79,606,643
Federal Funds	1,604,475	2,293,219	2,262,671
Tort Victims' Compensation Fund	928,235	157,756	105,000
Workers' Compensation Fund	8,770,142	9,489,863	9,356,493
Second Injury Fund	63,425,125	66,900,000	60,506,625
Crime Victims' Compensation Fund	5,718,746	7,363,139	7,375,854
Full-time equivalent employees	171.50	184.75	177.25

DIVISION OF WORKERS' COMPENSATION - ADMINISTRATION

The Division of Workers' Compensation processes all reports of job-related injuries and formal claims for compensation filed with the division under the "Missouri Workers' Compensation Law." The division also resolves disputed issues between an employee and employer/insurer through mediation and/or evidentiary hearings conducted by its administrative law judges and/or legal advisors. The division administers the rehabilitation of seriously injured workers, resolves disputes concerning the reasonableness of medical fees and charges, helps employers and insurers develop safety programs, reviews and approves applications by employers or group trusts for self-insurance authority, and investigates allegations of workers' compensation fraud and noncompliance.

Fiscal Year 2007 Governor's Recommendations

- \$310,000 other funds for pay plan.
- \$504 Workers' Compensation Fund reallocated from department administration.
- (\$488,238) federal and other funds and (7.5) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$28,094) other funds transferred to the Office of Administration for statewide consolidated information technology services.
- (\$10,172) federal and other funds transferred to the statewide leasing budget.

SECOND INJURY FUND

The Second Injury Fund is designed to compensate an injured employee when a current work-related injury combines with any prior injury that creates an increased combined disability. The basic concept is "the whole is greater than the sum of its part." For example, if an injured employee has a 15 percent disability from the current work-related injury and a 15 percent disability from the prior injury, and the combined disability is 40 percent, the fund pays for the increased disability. The fund is also responsible for payment of medical bills for injured employees when the employer fails to insure its workers' compensation liability. In addition, if the employee is killed, burial expenses and death benefits in the form of weekly payments to the surviving spouse or dependents of the employee are paid from the fund. The fund also provides benefits to injured employees undergoing physical rehabilitation. For injuries taking place after August 28, 1998, the fund also provides second job lost wage benefits.

Fiscal Year 2007 Governor's Recommendations

- (\$6,393,375) Second Injury Fund core reduction from the Fiscal Year 2006 appropriation level.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

DIVISION OF WORKERS' COMPENSATION (Continued)

CRIME VICTIMS' ADMINISTRATION

The Crime Victims' Administration Unit was established to investigate all claims by victims of crime, which are filed with the division in order to determine eligibility under the statute and the amount of losses incurred. The unit fulfills these responsibilities by processing and investigating claims and awarding or denying compensation.

Fiscal Year 2007 Governor's Recommendations

- \$10,948 Crime Victims' Compensation Fund for pay plan.
- \$1,093 Crime Victims' Compensation Fund reallocated from various divisions to realign the core budget.

CRIME VICTIMS' COMPENSATION

The Crime Victims' Compensation Program processes and awards benefits to eligible victims of violent crimes. Crime Victims' Compensation benefits are available to individuals who, through no fault of their own, find themselves victimized by violent crimes. Since benefits are only paid to recover expenditures made or wages lost as a result of their victimization, benefit recipients do not profit from the criminal violation. State funding to pay benefits is derived from a combination of court fees assessed in criminal cases and fines levied against individuals convicted of criminal activity. Federal grant dollars are also awarded based on the state's prior year expenditure for benefits.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

TORT VICTIMS' COMPENSATION

The Tort Victims' Compensation Fund provides benefits to individuals who have received a final monetary judgment in a civil case but who have been unable to collect all, or part of, the judgment entered against the defendant. Funding is provided from the Tort Victims' Compensation Fund. The fund's exclusive revenue source is 50 percent of all punitive damage awards entered in civil cases in Missouri. Of this amount, 74 percent is used to pay victims.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
DIVISION OF EMPLOYMENT SECURITY**

FINANCIAL SUMMARY

	FY 2005 EXPENDITURE	FY 2006 APPROPRIATION	GOVERNOR RECOMMENDS FY 2007
Administration	\$ 24,419,901	\$ 34,479,594	\$ 33,332,958
Special Employment Security Fund	15,317,392	15,123,221	15,141,511
Employment and Training Payments	6,009,775	7,000,000	7,000,000
Board of Unemployment Fund Financing Bond Proceeds	0	1	1
TOTAL	\$ 45,747,068	\$ 56,602,816	\$ 55,474,470
Federal Funds	30,429,676	41,479,594	40,332,958
Special Employment Security Bond Proceeds Fund	0	1	1
Special Employment Security Fund	15,317,392	15,123,221	15,141,511
Full-time equivalent employees	625.50	732.71	698.71

DIVISION OF EMPLOYMENT SECURITY - ADMINISTRATION

The Division of Employment Security is responsible for determining employer liability, collecting unemployment compensation taxes from Missouri liable employers, paying unemployment benefits to eligible claimants, maintaining wage records of Missouri workers, and investigating cases involving possible fraud and benefit overpayments.

Fiscal Year 2007 Governor's Recommendations

- \$1,063,138 federal funds for pay plan.
- \$124,200 federal funds and five staff reallocated for realignment of the federal cost allocation plan.
- \$2,844 federal funds reallocated from department administration.
- (\$1,373,885) federal funds transferred to the Office of Administration for statewide consolidated information technology services.
- (\$962,933) federal funds transferred to the statewide leasing budget.
- (39) staff core reduction from the Fiscal Year 2006 appropriation level.

SPECIAL EMPLOYMENT SECURITY FUND

The Special Employment Security Fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, which includes refunds of overcollected interest and penalties and administrative expenses of the division not covered by the federal grant. The fund may also be used to acquire suitable office space for the division. Section 288.128, RSMo, provides for federal interest assessments on Title XII advances to the Unemployment Trust Fund to be deposited into this fund until payment to the federal government is made.

Fiscal Year 2007 Governor's Recommendations

- \$18,290 Special Employment Security Fund for pay plan.

EMPLOYMENT AND TRAINING PAYMENTS

The Division of Employment Security operates employment and training programs authorized and funded by the U.S. Department of Labor as authorized by the North American Free Trade Agreement (NAFTA) and the Trade Adjustment Assistance (TAA) programs. The division contracts with the Division of Workforce Development and others to provide a full range of services. Services include referral to employer job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation, subsistence, and relocation allowances.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

DIVISION OF EMPLOYMENT SECURITY (Continued)

BOARD OF UNEMPLOYMENT FUND FINANCING

The Board of Unemployment Fund Financing has authority to borrow up to \$450 million in credit instruments or financial agreements to fund the Unemployment Compensation Trust Fund in accordance with Sections 288.310, 288.330, and 288.128, RSMo.

Fiscal Year 2007 Governor's Recommendations

Continue funding at the current level.

STATE BOARD OF MEDIATION

The State Board of Mediation is a quasi-judicial board created by an act of the General Assembly in 1947 to mediate public utility disputes. Since 1967, the board has been charged with the responsibility of determining appropriate bargaining units of public employees. It also conducts secret ballot elections to determine exclusive bargaining agent status. The board retains the authority to mediate disputes in the area of public utilities regarding wages and working conditions.

Fiscal Year 2007 Governor's Recommendations

- (\$58,990) and (1.2) staff reallocated to the Division of Labor and Industrial Relations Commission per Governor's Executive Order 05-16.
- (.8) staff core reduction from Fiscal Year 2006 appropriation level.

MISSOURI COMMISSION ON HUMAN RIGHTS

The statutory mandate of the Missouri Commission on Human Rights (MCHR) is to prevent and eliminate discrimination as prohibited by the Missouri Human Rights Act. The act requires the MCHR to receive, investigate, and resolve complaints of alleged discrimination in the areas of housing, employment, and public accommodations due to race, color, religion, national origin, ancestry, sex, disability, or age (in employment only) and familial status (in housing only). Through its education and outreach program, the MCHR reduces intergroup conflict and discourages illegal discrimination.

Fiscal Year 2007 Governor's Recommendations

- \$57,365 for pay plan, including \$24,915 general revenue.
- \$1,584 federal funds reallocated from department administration.
- (\$105,595) and (one) staff core reduction from the Fiscal Year 2006 appropriation level.
- (\$48,193) transferred to the statewide leasing budget, including (\$27,606) general revenue.
- (\$23,547) federal funds transferred to the Office of Administration for statewide consolidated information technology services.